

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
D.T.E. 01-103

FGE-1-1 Please provide copies of all prefiled testimony submitted by Mr. Effron in D.T.E. 99-110 (1999 electric rate reconciliation mechanism filing).

Response:

Objection. All prefiled testimony submitted by Mr. Effron in D.T.E. 99-110 should already be in the custody and control of the Company because it was served on the Company in that docket. Without waiving this objection, the Attorney General is providing the requested documents on the attached computer disk.

DATE: July 15, 2002
Prepared by: Counsel

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
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FGE-1-2 Please provide copies of the transcript(s) of Mr. Effron's in-hearing testimony in D.T.E. 99-110.

Response:

Objection. Copies of all the requested transcripts of Mr. Effron's in-hearing testimony in D.T.E. 99-110 should already be in the custody and control of the Company because they were made available to the Company in that docket.

DATE: July 15, 2002
Prepared by: Counsel

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
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FGE-1-3 Please provide copies of the Attorney General's briefs in D.T.E. 99-110.

Response:

The Attorney General objects generally to information requests on him as a party, as opposed to factual inquiries to his witness. In addition, all of the Attorney General's briefs in D.T.E. 99-110 should already be in the custody and control of the Company because they were served on the Company in that docket. Without waiving these objections, the Attorney General is providing the requested documents on the attached computer disk.

DATE: July 15, 2002

Prepared by: Counsel

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FGE-1-4 Please provide a copy of the Attorney General's comments in
D.T.E. 00-107 (2000 electric rate reconciliation mechanism filing).

Response:

The Attorney General objects generally to information requests on him as a party, as opposed to factual inquiries to his witness. In addition, all of the Attorney General's comments in D.T.E. 00-107 should already be in the custody and control of the Company because they were served on the Company in that docket. Without waiving these objections, the Attorney General is providing the requested documents on the attached computer disk.

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Prepared by: Counsel

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FGE-1-5 Please provide a copy of each of Mr. Effron's prefiled testimonies (if any) and the prefiled testimonies of any other Attorney General witness as filed

 a. in any rate reconciliation proceeding involving Massachusetts Electric Company from 1998 through present;

 b. in any rate reconciliation proceeding involving Nantucket Electric Company from 1998 through present;

 c. in any rate reconciliation proceeding involving New England Power Company from 1998 through present;

 d. in any rate reconciliation proceeding involving Western Massachusetts Electric Company from 1998 through present;

 e. in any rate reconciliation proceeding involving Cambridge Electric Light Company from 1998 through present;

 f. in any rate reconciliation proceeding involving Boston Edison Company from 1998 through present;

 g. in any rate reconciliation proceeding involving Commonwealth Electric Company from 1998 through present;

 h. in any other rate reconciliation mechanism involving a distribution or electric company otherwise under the jurisdiction of the Massachusetts Department of Telecommunications and Energy.

Response:

The Attorney General objects generally to information requests on him as a party, as opposed to factual inquiries to his witness. In addition, the Attorney General objects to providing Mr. Effron's prefiled testimony in prior reconciliation proceedings involving Fitchburg Gas and Electric Light Company because those documents should already be in the custody and control of the Company. Without waiving these objections, the Attorney General is providing the requested documents on the attached computer disk.

DATE: July 15, 2002
Prepared by: Counsel

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
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- FGE-1-6 Please provide a copy of each of the Attorney General's briefs (initial or reply) as filed
- a. in any rate reconciliation proceeding involving Massachusetts Electric Company from 1998 through present;
 - b. in any rate reconciliation proceeding involving Nantucket Electric Company from 1998 through present;
 - c. in any rate reconciliation proceeding involving New England Power Company from 1998 through present;
 - d. in any rate reconciliation proceeding involving Western Massachusetts Electric Company from 1998 through present;
 - e. in any rate reconciliation proceeding involving Cambridge Electric Light Company from 1998 through present;
 - f. in any rate reconciliation proceeding involving Boston Edison Company from 1998 through present;
 - g. in any rate reconciliation proceeding involving Commonwealth Electric Company from 1998 through present;
 - h. in any other rate reconciliation mechanism involving a distribution or electric company otherwise under the jurisdiction of the Massachusetts Department of Telecommunications and Energy.

Response:

The Attorney General objects generally to information requests on him as a party, as opposed to factual inquiries to his witness. The Attorney General objects specifically to providing copies of each of the Attorney General's briefs in all prior electric company rate reconciliation cases since 1998. Without waiving these objections, the Attorney General is providing the requested documents on the attached computer disk.

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Prepared by: Counsel

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FGE-1-7 Please provide a copy of the Attorney General's Settlement with Commonwealth Electric Company and Cambridge Electric Light Company in D.T.E. 00-83, along with the prefiled testimonies that supported that AG Settlement.

Response:

The Attorney General objects generally to information requests on him as a party, as opposed to factual inquiries to his witness. Without waiving these objections, the Attorney General is providing the requested documents on the attached computer disk.

DATE: July 15, 2002
Prepared by: Counsel

FITCHBURG GAS AND ELECTRIC LIGHT COMPANY
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FGE-1-8 The Attorney General's Initial Brief in D.T.E. 99-110 (Phase II) at pp. 31-32 describes a method that FG&E should use for calculating lost generation revenues. (a) Please state whether Mr. Effron has followed this method or proposed an alternative method. (b) If Mr. Effron has proposed an alternative method for calculating lost generation revenues to that recommended by the Attorney General in his Initial Brief in D.T.E. 99-110, please explain why.

Response:

The referenced section describes what the Attorney General believed should be included in the Company's recoverable power supply costs. As stated by Mr. Effron in his testimony, he based his lost revenue calculation on his understanding of the Department's order in DTE 99-110. He based his lost revenue calculation on his understanding of the Department's order in DTE 99-110 because he believes that this is the way that the Department wanted the lost revenue to be calculated for FG&E. Having said that, Mr. Effron believes that the method he used to calculate lost revenue is generally consistent with the referenced section of the Attorney General's Initial Brief in D.T.E. 99-110 (Phase II).

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Prepared by: David J. Effron

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FGE-1-9 In his Initial Brief in D.T.E. 99 –150 (Phase II) at page 32, the Attorney General states “since the Company is collecting some of these costs through the Department approved transition charge the corresponding transition charge costs must be deducted (to avoid double recovery).” Please indicated what “corresponding transition charge costs” the Attorney General was referring to in this statement. Please indicate what transition costs Mr. Effron has deducted in calculating lost revenues “to avoid double recovery.”

Response prepared by David J. Effron:

Mr. Effron deducted, actually excluded, costs that are recovered through the fixed component from the total generation costs included in the cost of service in D.P.U.-84-145-A, to avoid a double recovery.

Response prepared by Counsel:

The Attorney General objects generally to information requests on him as a party, as opposed to factual inquiries to his witness.

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FGE-1-10 The Department's Order in D.T.E. 99-150 (Phase II) at page 20 provides a citation from its Order in Cambridge Electric Light Co./Commonwealth Electric Co., D.T.E. 99-90-C at pp. 36-37 (2001) to determine what costs should be used to calculate lost revenues. Please explain if Mr. Effron relied on this citation and precedent in developing his method for calculating lost revenues for FG&E. If Mr. Effron did not rely on this cite and precedent, please explain why. If Mr. Effron did rely on this cite and precedent, please explain any differences between his proposed lost revenue methodology for FG&E and the method approved by the Department for Cambridge Electric Light Co. and Commonwealth Electric Company.

Response:

Mr. Effron did not rely directly on this citation in developing his method for calculating lost revenue for FG&E. As explained in his testimony, he relied on his understanding of the order by the Department in D.T.E. 99-150 at page 27 (should have been pages 20-21). Mr. Effron relied on his understanding of the order by the Department in D.T.E. 99-150, because that case involved FG&E, as does D.T.E. 01-103. As the Department order in D.T.E. 99-150 addresses the calculation of lost revenue for FG&E, Mr. Effron believes that this order was more relevant to the calculation of lost revenue for FG&E than the Department order in D.T.E. 99-90-C, which addressed the calculation of lost revenue for different companies. Mr. Effron is not aware of any differences between his proposed lost revenue methodology for FG&E and the method approved by the Department for Cambridge Electric Light Co. and Commonwealth Electric Company. Based on his reading, his method of calculating lost revenue is consistent with the referenced citation from D.T.E. 99-90-C.

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FGE-1-15 Has the Attorney General ever proposed, in any restructuring-related rate reconciliation proceeding involving any other Massachusetts utility, a lost revenue calculation the same as the method proposed by Mr. Effron in this proceeding.? If yes, please provide appropriate citations and all supporting documentation, including but not limited to, testimony, briefs and orders approving or disallowing such treatment.

Response:

The Attorney General objects generally to information requests on him as a party, specifically regarding positions he may have taken in other cases, as opposed to factual inquiries to his witness.

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FGE-1-12 Please explain in detail how Mr. Effron's proposed lost revenue calculation accounts for the recovery of generation costs of Millstone 3 Nuclear unit that FG&E incurred to provide energy service to customers from the retail access date to the divestiture date.

Response:

As explained in his testimony, Mr. Effron calculated the lost revenue according to his understanding of the Department directive in D.T.E. 99-150, wherein the Department stated: "The level of costs to be recovered, however, cannot exceed the level of costs approved in D.P.U. 84-145-A. Therefore, we direct the Company to include, as an offset to the RVC, only those owned generating facilities' A&G and O&M costs related to the generation of electricity that were allowed in the rates approved by the Department in D.P.U. 84-145-A for the period March 1998 through the divestiture date." Mr. Effron believes that there have been many changes to the Company's generation costs since D.P.U. 84-145-A, increases and decreases. As the Company had not had a base rate increase since D.P.U. 84-145-A, Mr. Effron believes that there is an implicit assumption that the allowance for generation expenses in the cost of service in that case was adequate to compensate the Company for changes in its generation expenses, taken as a whole, up until the time of divestiture.

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FGE-1-13 Please explain in detail how Mr. Effron's proposed net of tax method for calculating the carrying cost on the cumulative under or over recovery balance on rate reconciliation methods comports with or differs from the carrying cost methods used by any other restructuring rate reconciliation mechanism involving a distribution or electric company otherwise under the jurisdiction of the Massachusetts Department of Telecommunications and Energy.

Response:

Mr. Effron has not undertaken an analysis to determine how his proposed method for calculating the carrying cost on the cumulative under or over recovery balance on rate reconciliation methods comports with or differs from the carrying cost methods used by any other restructuring rate reconciliation mechanism involving a distribution or electric company otherwise under the jurisdiction of the Massachusetts Department of Telecommunications and Energy.

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FGE-1-14 Please explain how the tax provision (i.e. expense) associated with interest income/expense is normalized for ratemaking purposes under Mr. Effron's proposed methodology.

Response:

The tax provision associated with interest income/expense is normalized for ratemaking purposes under Mr. Effron's proposed methodology by assuming that all interest income or expense is subject to income taxes. Thus, any interest income is assumed to be included in taxable income, and any interest expense is assumed to be deductible for income taxes. Consequently, any interest income or interest expense that goes into the transition charge has a revenue requirement effect that is the same as the income or expense itself. In this regard, Mr. Effron's "proposed methodology" is the same as that of FG&E.

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FGE-1-15 Under the Department's tax normalization policies, a utility's accumulated deferred income taxes are a deduction from a utility's ratebase for ratemaking purposes. Please explain why Mr. Effron's proposal will not result in a double deduction of accumulated deferred income taxes - once when they are deducted from a utilities ratebase under the Department's ratemaking policy, and a second time when they are deducted from the under or over recovered balances on reconciliation mechanisms as proposed by Mr. Effron.

Response:

Mr. Effron's proposal will not result in a double deduction of accumulated deferred income taxes because the only balances of deferred taxes Mr. Effron is proposing to offset against the cumulative under or over – recovery of charges subject to reconciliation are the deferred tax balances that relate to such charges. The “deferred taxes deducted from a utilities (sic) ratebase under the Department's ratemaking policy” are deferred taxes related to the base rate cost of service – that is the distribution cost of service, which is not subject to reconciliation.

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